

REPORT OF THE FINANCE COMMITTEE

1. The Finance Committee was chaired by Australia during the APPU-EC meeting. Finance Committee members, Australia, China, Japan, Korea, New Zealand and Thailand were present at the meeting on 2 September 2020, with absences from India and Pakistan.
2. The Finance Committee reviewed a number of issues including (a) finances of the Union, including the 2018 audit report as reported by the Secretary General in Doc 5 Annex 1 and the proposed budget for 2020 in Doc 5 Annex 2; (b) a request from the Republic of Nauru for a reduction in contribution to APPU expenses in Doc 5.1; (c) a review of the cash position of the Union, including a proposal for additional management guidelines and approval in principle of priority areas for use of reserve funds in Doc 5.2; (d) a paper noting the intention of the Bureau to review its IT system in Doc 5.3; and (e) an information paper on the updated position on unpaid membership contributions in Doc 5.4.
3. The APPU Bureau was represented by Secretary General and Manager Administration and APPU Affairs.

EC 2019 Doc 5 Annex 1 and 2

4. The Committee approved the 2018 auditor's financial report after some constructive discussion and helpful explanations provided on a few queries by the Bureau.
5. In reviewing the proposed budget for 2020, the Committee noted the increase to the travel expenses in 2020 to allow the Secretary General to attend the UPU Congress in 2020, as well as the UPU Council of Administration (CA) meetings. Members discussed whether the Secretary General should also attend the plenary session of the UPU Postal Operations Council (POC) given the important matters of an operational nature discussed during these meetings.. The Committee agreed that this matter should be discussed at the next APPU EC in 2020 in order to give members and the Bureau time to consider outcomes and deliverables to be achieved and budget for this appropriately, should members wish to expand the representation of the APPU at UPU meetings. Any change would then coincide with the next UPU cycle.
6. The Committee approved the proposed 2020 budget.

EC 2019 Doc 5.1

7. The Committee noted the request from Nauru for a reduction in contribution class to the APPU administrative expenses, based on the recent decision by the 2018 UPU Extraordinary Congress to reduce the contribution class for Small Island Developing States (SIDS) with a population of under 200,000.

8. The Committee considered Nauru's request and noted that reducing Nauru and other qualifying countries' contribution class requires an amendment to the APPU Statutes which can only be agreed by the APPU Congress.
9. The Committee agreed to set up a Working Group within the Finance Committee to further study this issue and bring forward a recommendation ahead of the APPU Congress in 2021. Australia, China, New Zealand and Thailand volunteered to be members of this Working Group.

EC 2019 Doc 5.2

10. The Committee noted the need for cash management particularly in relation to reserve funds where the Union appears to have bank balances well in advance of annual operating requirements, noted the Bureau's intention to get advice on this issue and draft a policy for EC approval and agreed to recommend to the EC to approve in principle the use of reserve funds for three projects where investment appears necessary (i.e. Bureau IT review and upgrade, Bureau office renovation and college dormitory and apartments renovation).

EC 2019 Doc 5.3

11. The Committee noted the intention of the Bureau to review its IT systems and noted that updates on progress and requirements would be provided as set out in this document.

EC 2019 Doc 5.4

12. The Committee discussed the updated position on unpaid membership contributions and congratulated the Bureau on the efforts spent to reduce the amount of outstanding membership contribution since the 2018 Da Nang EC meeting. The Committee applauded the great work done by Ms Kwanjai in this regard.

Recommendations for EC

13. The Finance Committee recommends the EC:
 - (a) **Approve** the 2018 auditor's financial report;
 - (b) **Approve** the proposed 2020 APPU Bureau (Administrative Section) Budget, noting that further consideration will be given to the APPU's representation at UPU meetings from 2021;
 - (c) **Note** the request from Nauru and **approve** the creation of a Working Group within the Finance Committee to study Nauru's request which includes the creation of a new contribution class in the APPU, as well as consideration of how any classification anomalies might best be handled, ahead of the APPU Congress in 2021;

- (d) **Note** the need for cash management particularly in relation to reserve funds where the Union appears to have bank balances well in advance of annual operating requirements, **note** the Bureau's intention to get advice on this issue and draft a policy for EC approval and **approve in principle** the use of reserve funds for three projects where investment appears necessary;
- (e) **Note** the intention of the Bureau to review its IT system and **note** that updates on progress and requirements will be provided; and
- (f) **Note** the progress made since the 2018 Da Nang EC meeting on recovering unpaid contributions and the updated position on this issue.

Bhavana Chhagan
Chair
APPU Finance Committee
2 September 2019, Tokyo